

IndoMet Coal Project Indonesia

Sectors: Coal Mining

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Created before Nov 2016

Last update: **Jul 4 2016**

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Sectors

Coal Mining

Location

About IndoMet Coal Project

BHP Billiton's coal mining concessions for the IndoMet Project span an area of 350,000 hectares, more than twice the size of Greater London. The concessions contain more than 1.2 billion tonnes of mostly metallurgical coal that would be shipped to Asian markets. To transport the coal to a port, a 425 kilometres long railway will be built. The IndoMet Coal Project, which was initially referred to by BHP Billiton as the Maruwai coal project, covers five potential coal deposits in East and Central Kalimantan in Indonesia.

Latest developments

PT Adaro Energy Tbk (ADRO) completed purchase of IndoMet coal mine project worth USD120 million

Oct 17 2016

BHP pins future of Indonesian coal mine on new rules

Oct 30 2015

What must happen

BHP Billiton's IndoMet mine is a disaster in the making. If BHP Billiton is serious about becoming a leader in responsible mining, it should withdraw from IndoMet immediately and seek permanent protection for the area. The Heart of Borneo is simply too precious a place to destroy.

Similarly, commercial banks should refuse any financial transaction with BHP Billiton as long as they cannot be certain the proceeds will not be used for the development of the IndoMet Coal Project.

Impacts

Social and human rights impacts

For centuries, the indigenous Dayak people of Indonesian Borneo lived from the abundant forests and rivers that blanketed the region. They depend on the forest for food, medicinal plants, non-timber forest products and water. Now, BHP Billiton is planning to build a series of massive coal mines that would destroy primary rainforest, deprive indigenous peoples of their customary land and pollute water sources relied on by one million people. The project will directly impact ten villages surrounding the concession areas, affecting an estimated 10,000 people.

The project has already led to conflict in Maruwei, a village of 700 people near the Haju mine, the first of BHP Billiton's mining operations in the area. Global Justice Now has documented how Maruwei residents were [forced to accept token payments](#) of 100 rupiah, the equivalent of half a UK penny,

per square metre for an area of their customary forest in 2006.

The local community did not possess formal deeds to the land. BHP Billiton was able to claim that the paltry amounts given to local people were goodwill payments rather than compensation. BHP Billiton could take possession of the land without the informed consent of the community. This runs contrary to BHP Billiton's commitments to obtaining the free prior and informed consent of indigenous peoples. As a member of the International Council on Metals and Mining, BHP Billiton has committed to obtaining the consent of indigenous peoples for mining operations affecting their land, including for "customary owners or occupants of land or resources."

Said Yesmaida, wife of the head of the village of Maruwei: "we signed the agreement about the land with BHP but honestly did not understand. The compensation was one million rupiah (about GBP50) per hectare of land. The communities did not agree this price and there was no process of negotiation. They just came and asked us to sign the form and then gave us the cash. Someone who had three hectares of land got three million, two hectares got two million...we do not want BHP to operate along the Beriwit."

For the construction of the railway, which would be done in a private-public partnership, another 27,000 hectare of land need to be acquired. Yet so far no attempt to consult communities in the rail corridor has been made.

Environmental and climate impacts

The IndoMet Project is located deep in Central Kalimantan in an area known as the Heart of Borneo. Covering an area the size of England and Scotland combined and spanning three countries, the Heart of Borneo is one of the largest transboundary rainforests remaining in the world. According to WWF, which has been closely involved in managing the Heart of Borneo initiative, the area is home to six percent of the world's biodiversity, contains the headwaters for 14 of Kalimantan's 20 major rivers and provides food, water and livelihoods to 11 million people.

The seven concessions granted to BHP Billiton contain an estimated 75,000 hectares of primary forest in central Borneo, forests recognised globally for their biodiversity. The area provides habitat for orangutans, pygmy elephants, clouded leopards, rhinoceros, proboscis monkeys and numerous other rare and endangered species. Such is the biological richness of these vast remote forests that new animal and plant species are discovered every year.

The secondary forests inside the concession areas provide a refuge for large numbers of orangutans who are already critically endangered and have already been displaced by rampant land-clearing in the more accessible lowland regions. If IndoMet goes ahead, their habitat will be threatened and they will face displacement once more. The area is also the headwaters for the Barito River, one of the main arteries of Central and South Kalimantan, providing water, transport and sustenance for millions.

Governance

Applicable norms and standards

Equator Principles

International Council on Mining and Minerals (ICMM)- 10 Principles

Updates

PT Adaro Energy Tbk (ADRO) completed purchase of IndoMet coal mine project worth USD120 million

Oct 17 2016

Jakarta - PT Adaro Energy Tbk (ADRO) completed the share purchase transaction IndoMet Coal coal mine project worth USD120 million. The Company officially took over 75% stake IndoMet Coal of BHP Billiton Ltd. on October 14, 2016. Corporate Secretary of Adaro Energy Mahardika Putranto explained that Adaro PT Alam Tri Abadi and Coaltrade Ltd buy PT Maruwai Coal, PT Juloi Coal, PT Kalimantan Coal, PT Sumber Barito Coal, PT Lahai Coal, PT Ratah Coal and PT Pari Coal. The Coal IndoMet project previously belonged Australian company, BHP Billiton Ltd. IndoMet Coal is a project that consists of seven coal contracts of work, which are located in Central and East Kalimantan.

BHP pins future of Indonesian coal mine on new rules

Oct 30 2015

[According to Reuters](#): BHP Billiton said plans to develop a massive mine in Borneo will hinge on a revision of Indonesia's mining rules, including on compulsory divestment and contract extensions. In September 2015, BHP said it had started mining at the Haju mine, part of the first stage of the IndoMet Coal project, in the forested Central Kalimantan province.

Legal claim on 1,000 hectare of land by indigenous Dayaks

Aug 13 2015

BHP has hit a roadblock on its coal mine in Indonesian Borneo after finally starting operations. The company begun mobilising the Haju mine, after being delayed by the global financial crisis. But the indigenous Dayak people of the nearby village of Maruwai, in the remote north Central Kalimantan, have launched a legal claim that aims to lock BHP out of 1,000 hectare of land within the project area ([source: www.news.com.au](http://www.news.com.au)).

BHP Billiton to face grilling from coal-impacted communities

Oct 22 2014

Representatives from Colombia and Indonesia have arrived in London to tell the BHP Billiton board that coal-mining is detroying communities [\(source: Global Justice Now\)](#).

Related companies

Adaro Indonesia

Adaro has a stake of 25% in the IndoMet project.

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